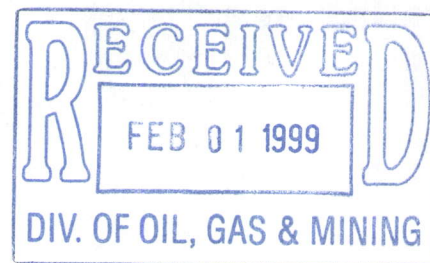


STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 1-01-98 To (mo./yr.) 12-31-98
2. DOGM File Number (Mine No.): M 047 013
3. Mine Name: Ziegler Chemical & Mineral Corp.
4. Mineral(s) Mined (or permitted to mine): Gilsonite
5. Type of mine ☐ Surface Mine or ☒ Underground Mine
6. Legal Description (Location of Lands Affected):
5 1/2 1/4, NE 1/4, 1/4, Section 16, Township 9S, Range 24E
SE 1/4, 1/4, 1/4, Section 16, Township 9S, Range 24E
1/4, 1/4, 1/4, Section, Township, Range
7. Name of Operator or Company: Ziegler Chemical & Mineral Corp.
8. Permanent Street Address: 100 Jericho Quad, Suite 140
City, State, Zip: Jericho, NY 11753
Phone: 516-681-9600
9. Company Representative (or designated operator):
Name: Norman Haslem
Title: Mine Superintendent
Business Address: Ziegler Chemical & Mineral Corp.
City, State, Zip: Star Route, Vernal, UT 84078
Phone: 435-789-3593
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? _____
3. If yes - how much ore or mineral was mined? 22,581 tons

4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.
Prepared coal and mine site for a new Independent Mine. Very little material moved. Just cleaning brush and leveling site.
5. How much **additional acreage** was disturbed during the past year? 1 1/2 acres
6. How much acreage was **reclaimed** during the past year? Began reclamation on 3 acres
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.
Fillline mine excavation and contouring site. When winter set in, we have delayed completion until the ground thaws.
8. What is the **total disturbed acreage of entire project** at years end? 10 acres
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
We will begin development of a new Independent Vein mine in 1999.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

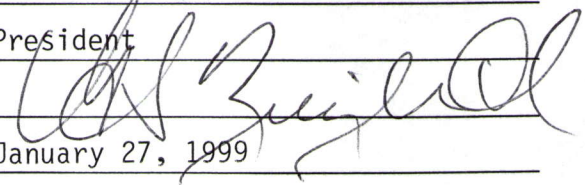
Name (Typed or Print):

Gordon S. Ziegler, Jr.

Title of Operator:

President

Signature of Operator:



Date:

January 27, 1999